

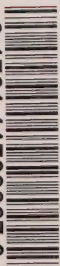
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Government
Publications

**“What’s going on?”
“Where do we turn?”**

Consumer’s Guide to the GST and Prices

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Consumer's Guide to the GST and Prices

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"What's
going on?"

"Where do
we turn?"



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What's changing. The GST goes on. FST comes off.

The GST replaces Federal Sales Tax, which will no longer be collected.

Like most Canadians, you may not be aware you were paying Federal Sales Tax (FST). FST has been included in prices of goods and services for over 65 years. It's charged at four different rates: 19% for alcohol and tobacco products, a 13.5% Manufacturers' Sales Tax, an 11% Telecommunications Tax and a 9% Building Materials Tax.

The proposed Goods and Services Tax (GST) of 7% replaces the FST. GST is also applied to most goods and services which were not directly taxed under the FST. When the proposed GST goes into effect, the government will no longer collect any FST.

We're your Consumer Information Office.

The GST Consumer Information Office has been set up to tell you about prices and the GST. We'll be here for you before and after the GST is introduced.

You will be facing a number of purchasing decisions before and after the GST takes effect. To make informed decisions, you need the facts. That's where we come in.

We answer to you. The Office is directed by an independent council made up of individuals from across the country. Our objectives are to:

1. ensure that you have the best GST pricing information available
2. to encourage business to pass on any savings from the removal of the FST
3. ensure that any price increase attributed to the GST is appropriate

We'll do it through providing you with the information you need to make smart shopping decisions.

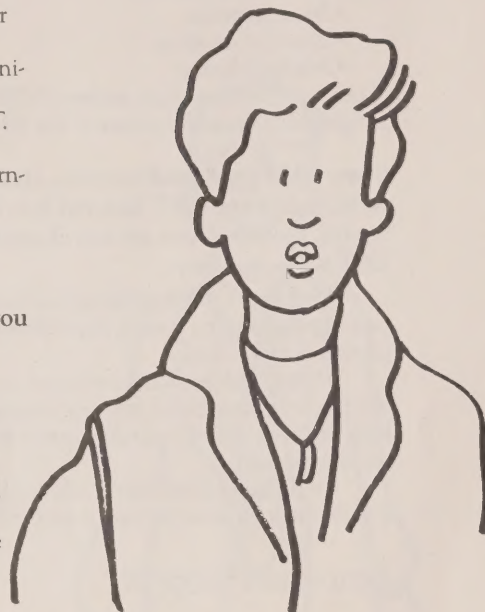
What will happen to prices once the GST is here.

If you wonder what will happen to prices after the GST, your GST Consumer Information Office has answers. Some will go up. Others will go down.

As are most Canadian consumers, you're asking what is going to happen to prices when the GST takes effect. We have answers that will help you understand how prices might shift during the GST change-over. With these changes, the amount of tax payable on certain goods will drop while the amount of tax payable on other goods and services will go up. Those tax changes will affect the price consumers pay for goods and services.

Some prices will go up. Some goods and most services are being taxed for the first time. But some prices will go down, because less tax will be paid than before. For example, the Manufacturers' Sales Tax of 13.5% was part of the cost to you. That will no longer be paid. However, this does not mean the final price will go down by the full difference between the Manufacturers Sales Tax (13.5%) and the Goods and Services Tax (7%). They are applied at different stages. The Manufacturers' Sales Tax was placed on goods at the factory door before they went through the distribution chain and on to the retailer. The GST of 7% will be applied at the point of purchase, or when you buy.

"We simply can't afford to pay 7% more for everything."



"Is it smart to try and buy a home now?"

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Not everything is taxed. Some are tax-free. Some are exempt.

Many essential goods and services are *tax-free*.

The following goods and services are totally excluded from the GST. They are classified *tax-free*.

- Basic groceries
- Prescription drugs
- Medical devices

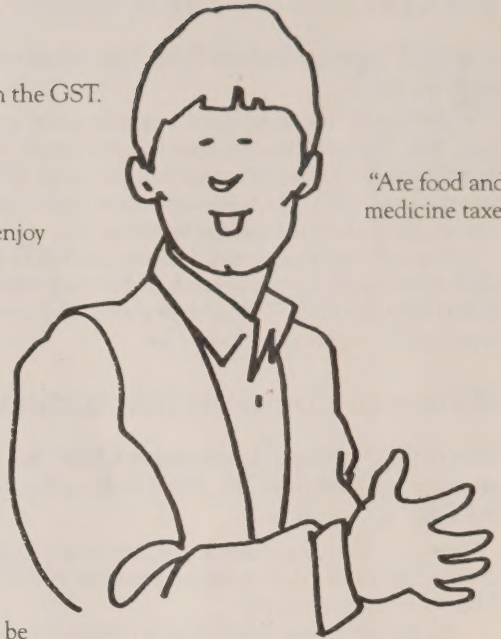
(These goods and services are free of GST, so consumers may enjoy a slight price decrease because of the FST being removed.)

Some other goods and services, classified *exempt*, do include some GST factored into the price to you. However, you are not charged additional GST when you buy.

There is no GST payable on residential rents and purchases of existing homes; a special rebate is paid on the purchase of new homes.

Most health and dental services are tax-exempt, as are day-care and educational services. Financial services such as bank service charges, insurance premiums and brokerage fees are also exempt.

(In the cases of exempt goods and services there can still be a slight price increase because some GST will be paid by suppliers.)



"Are food and medicine taxed?"

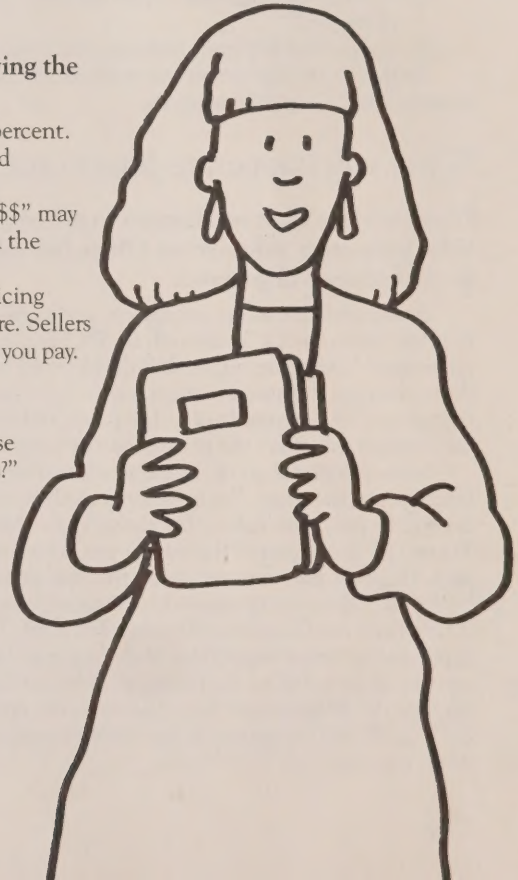
Be a smart shopper.

Before you buy, think about it. Shop around. Are you paying the right price? Is the GST included in the sticker price?

Many GST savings – or increases – will only be one or two percent. Consumers may actually lose money if they buy on credit to avoid paying GST.

Also, advertisements proclaiming "beat the GST and save \$\$\$" may not be taking into account expected savings that may result from the replacement of the FST with the GST.

And consumers will need to be aware of the two different pricing systems when comparison shopping over the phone or in the store. Sellers will either display the price including GST, or add the tax when you pay.



"What about all those 'beat the GST' sales?"

The Key List shows how GST will affect prices.

The Key List shows how we expect prices to change because the FST is taken off and the GST goes on.

There are simply too many individual goods and services available to Canadian consumers to list them all.

The Key List shows how prices are expected to change over the course of 1991 based solely on the GST replacing the FST. Left just to the marketplace, full FST savings may not be passed on to consumers immediately. Providing the right information to consumers will help speed up the process.

The Key List is shown by category with examples within each category.

How to use The Key List.

It's easy to see whether something should go up (+) or down (-) in price after the GST.

The Key List groups comparable goods and services. Let's look at something you might be thinking of buying, say, a washing machine.

First, look under Household Appliances. Then look for washing machine at a typical price of \$750.00. As a result of the replacement of the FST by the GST, tax on this washing machine should drop by about \$9.85.

The Key List is based on subtracting FST and adding GST to get the new price.

But prices change for many reasons.

The GST is not the only reason prices change. There are many others.

Remember that the price changes in The Key List are our estimates of what will happen when the GST replaces the FST. Prices do, however, go up or down for many reasons. Those reasons can have much more impact than FST coming off and GST going on.

Consumer Demand

Consumers have a direct influence over pricing patterns.

Let's consider an item that is expected to increase in price - we'll call them widgets. If everyone tries to buy a widget a month or so before the GST is to take effect, widget prices are likely to climb. Too many shoppers will be chasing too few widgets, so prices may rise. This is an example of the law of supply and demand.

After the GST comes in, the opposite might easily happen. Remember, the price of widgets has increased. Now few shoppers want to make a purchase so the price of widgets may be lowered.

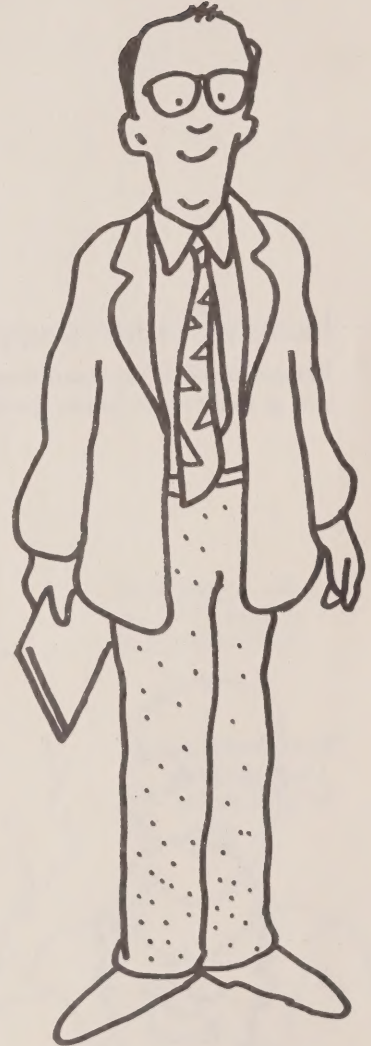
Competition

If a new store moves in across the street, just watch the price tags react to the competition.

Other Factors

Interest rates, exchange rates, international situations and even the weather, all can affect prices.

"What happens if everybody buys now to save money?"



Here's your smart shopping list.

Remember what's on your smart shopping list the next time you go to the store. Know the facts.

"Know the Key List.
Use it as a guide
before shopping."

"Know that
Federal Sales Tax
(FST) is not collected
after Dec. 31, 1990"

"Know that GST is
applied to most
goods and services
on January 1, 1991"

"Know the goods and
services that are -
and are not - taxed."

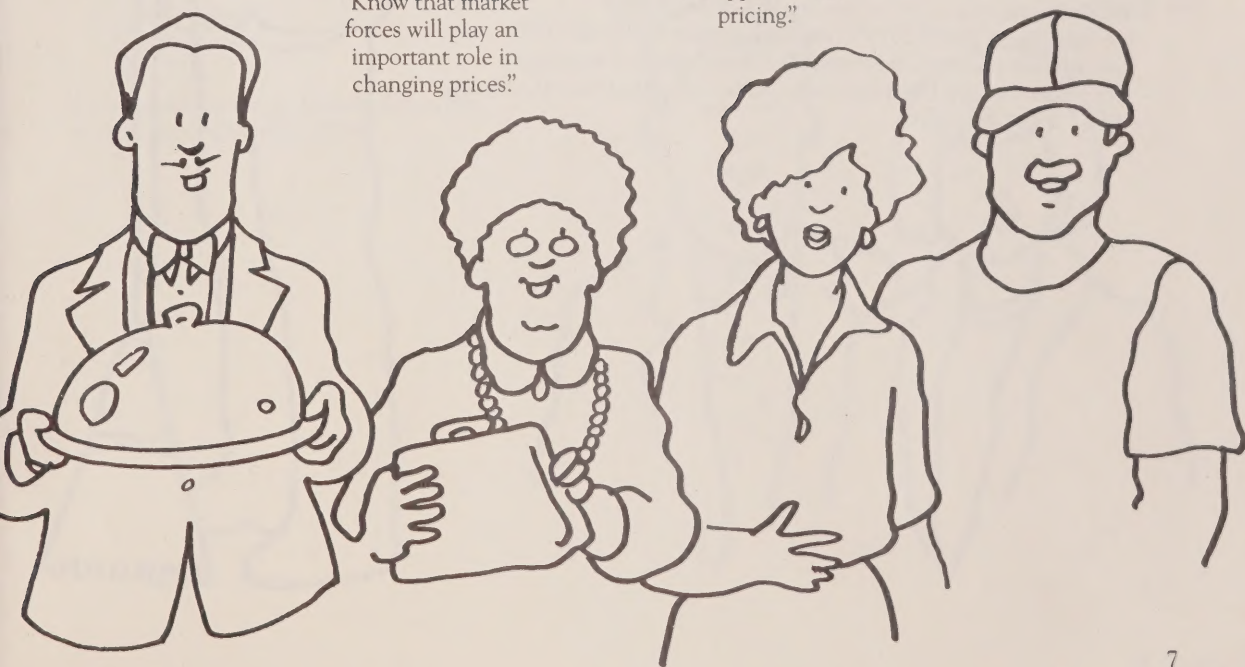


"Know whether the price includes GST, or whether GST will be added when you pay."

"Know that market forces will play an important role in changing prices."

"Know how to deal with opportunistic pricing."

"Know where to call - your GST Consumer Information Office."



How to deal with puzzling price hikes.

Speak up. Tell the store what you think the price should be.

So, you decided to wait until the GST comes into effect to buy your washing machine, but now the price at your local store has shot through the roof. What should you do?

First, ask your retailer why the price has jumped so much instead of dropping as expected, due to FST coming off and GST going on. Listen to what he or she has to say. And then, using the guidelines provided in this booklet, explain what you think should have happened to the price.

If you are still not satisfied take your money to another store. The marketplace will soon get the message.

We'll be watching prices too.

We'll be doing our part.

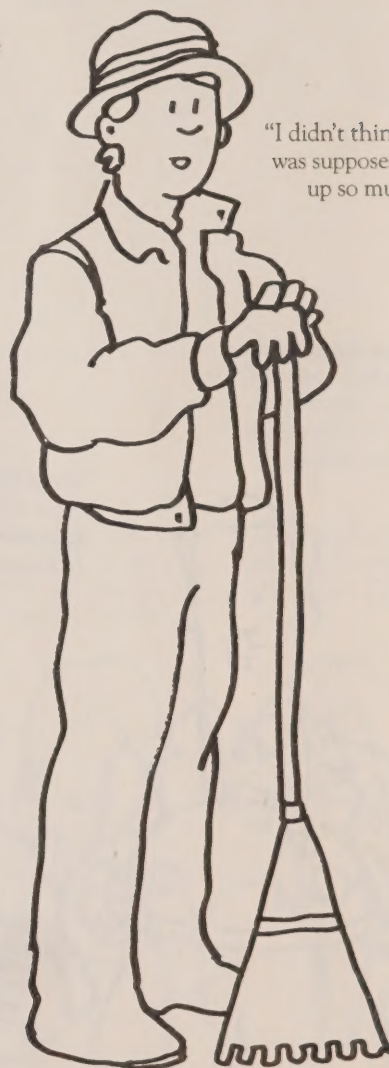
Your GST Consumer Information Office is in touch with consumers, manufacturers and retailers, asking them how they think prices will change and letting them know how we expect the GST to affect prices. Many businesses have declared that they will pass savings from the FST removal on to their customers.

If you notice price hikes that you don't think are justified, we want to know.

We work for you.

If you have a question about how the GST will affect prices, the answer is to call your GST Consumer Information Office.

- If you are unsure about consumer prices and the GST, we have answers.
 - If you have complaints about opportunistic pricing, we want to hear them.
 - We would also like to hear of positive GST pricing experiences.
 - We encourage you to call us toll-free at 1-800-668-2122 (en français 1-800-668-0999). Hearing Impaired: 1-800-465-7735.
- Tell us about prices you feel have risen above what you expected.
- Ask before you buy. If you feel prices are not reflecting the replacement of FST with GST, tell us.



Consumerism. A two-way street.

You count. If you have questions, ask.

The people who sell goods and services are counting on your patronage for their continued prosperity.

Ask questions. There is no reason why you should part with your money until you get reasonable answers on new GST-included prices.

If sellers can't answer your questions, call us.

We have the information on prices and the GST.

We can help you make informed buying decisions.

Other questions about the GST?

We're in operation to serve consumers. If you have other questions about the GST, please consult the list below for the appropriate government department:

Businesses: contact your local Revenue Canada Customs and Excise office (see the blue pages in the phone book).

GST Personal Income Tax Credits: contact Revenue Canada Taxation (see the blue pages in the phone book).

Misleading advertising/price fixing: contact your local Consumer and Corporate Affairs of Canada Office (see the blue pages in the phone book).

The answer is to call your GST Consumer Information Office.

Our number is toll-free anywhere in Canada.

1-800-668-2122

Hearing Impaired: 1-800-465-7735

GST Consumer Information Office

P.O. Box 3515

Postal Station C

Ottawa, Ontario

K1Y 4T7

Cette brochure est également disponible
en français (1-800-668-0999).

"I understand better.
But what about..."

"I'm going to call."



Estimated Effect of GST on Prices in 1991

The numbers in the 'change' column show the difference in tax payable only.
The numbers in this table do not necessarily show the final consumer price.

GOODS/SERVICES	EXAMPLE PRICE	SAVINGS FROM FST REMOVAL	AMOUNT OF GST	CHANGE	
	\$	\$	\$	\$	%
FOOD, DRINK, TOBACCO					
BASIC GROCERIES	TAX FREE				-0.8
Prime Rib Cut (1kg)	\$11.30	\$0.09	-	-\$0.09	-0.8
Homo Milk (4 litres)	\$4.00	\$0.04	-	-\$0.04	-1.0
Cheddar Cheese (1kg)	\$10.00	\$0.09	-	-\$0.09	-0.9
Enriched White Bread (675gr)	\$1.15	\$0.01	-	-\$0.01	-0.9
Ground Coffee (300gr bag)	\$2.75	\$0.01	-	-\$0.01	-0.4
SNACKS	FULLY TAXED				-1.0
Cola (750ml bottle)	\$0.80	\$0.05	\$0.05	\$0.0	0.0
Potato Chips (200gr)	\$1.80	\$0.16	\$0.11	-\$0.05	-2.8
RESTAURANTS, BARS	FULLY TAXED				+5.2
Fast food (Hamb., fries and drink)	\$3.30	\$0.02	\$0.22	+\$0.20	+6.1
Full course evening meal	\$22.00	\$0.13	\$1.45	+\$1.32	+6.0
Served bottle of wine	\$18.00	\$0.76	\$1.17	+\$0.41	+2.3
ALCOHOLIC BEVERAGES FOR HOME	FULLY TAXED				-1.1
CDN Whiskey (750ml bottle)	\$20.60	\$1.33	\$1.34	+\$0.01	0.0
Beer (Case of 12 bottles)	\$13.00	\$1.37	\$1.14	-\$0.23	-1.8
TOBACCO	FULLY TAXED				+0.2
Cigarettes (regular, pack of 25)	\$4.50	\$.029	\$0.30	+\$0.01	+0.2
UTILITIES AND SHELTER					
NEW HOMES	FULLY TAXED WITH REBATES				+1.0
Home	\$150,000.00	\$4,980.00	\$6,496.90	+\$1,516.90	+1.0
RENTS (Excluding Utilities)	TAX EXEMPT				+0.3
ENERGY FOR HOME	FULLY TAXED				+6.5
Hydro Bill (monthly)	\$85.00	\$0.17	\$5.78	+\$5.61	+6.6
Heating Oil (100 litres)	\$35.00	\$0.40	\$2.38	+\$1.98	+5.7
HOTEL/MOTEL	FULLY TAXED				+5.7
Hotel Room (1 night, 2 adults)	\$95.00	\$0.93	\$6.34	+\$5.41	+5.7


Estimated Effect of GST on Prices in 1991

GOODS/SERVICES	EXAMPLE PRICE	SAVINGS FROM GST REMOVAL	AMOUNT OF GST	CHANGE	
	\$	\$	\$	\$	%
CLOTHING					
MEN'S AND BOYS' CLOTHING	FULLY TAXED				+6.1
Men's Business Suit	\$270.00	\$1.57	\$18.15	+\$16.58	+6.1
Men's Raincoat	\$110.00	\$0.64	\$7.40	+\$6.76	+6.1
Boys' Knit Shirt	\$14.00	\$0.07	\$0.94	+\$0.87	+6.2
Men's Sport Socks	\$4.00	\$0.03	\$0.27	+\$0.24	+6.0
Men's Jeans	\$35.00	\$0.20	\$2.35	+\$2.15	+6.1
Men's Wallet	\$30.00	\$2.21	\$1.85	-\$0.36	-1.2
WOMEN'S AND CHILDREN'S CLOTHING	FULLY TAXED				+5.9
Women's Dress	\$110.00	\$0.56	\$7.41	+\$6.85	+6.2
Women's Winter Coat	\$320.00	\$1.86	\$21.54	+\$19.68	+6.2
Girls' Sweater	\$20.00	\$0.10	\$1.35	+\$1.25	+6.2
Women's Panty Hose	\$3.00	\$0.02	\$0.20	+\$0.18	+6.0
Girls' Snowsuit	\$65.00	\$0.38	\$4.38	+\$4.00	+6.2
Women's Nightgown	\$25.00	\$0.15	\$1.68	+\$1.53	+6.1
FOOTWEAR AND SHOE REPAIR	FULLY TAXED				+6.3
Boys' Athletic Shoes	\$37.00	\$0.18	\$2.51	+\$2.33	+6.3
Men's Workboots	\$85.00	\$0.41	\$5.77	+\$5.36	+6.3
Women's Dress Shoes	\$64.00	\$0.31	\$4.34	+\$4.03	+6.3
Replacement of Half Soles (one pair)	\$22.00	\$0.23	\$1.48	+\$1.25	+5.7
HOUSEHOLD FURNISHINGS EQUIPMENT AND SERVICES					
CARPETING AND FABRIC/RUGS	FULLY TAXED				-0.9
Broadloom Carpet (1 sq. metre)	\$40.00	\$2.80	\$2.42	-\$0.38	-0.9
FURNITURE	FULLY TAXED				-1.8
Dining Room Furniture (7 pieces)	\$3,200.00	\$262.40	\$195.84	-\$66.56	-2.1
Mattress and Box Spring (Queen Size)	\$900.00	\$63.99	\$55.17	-\$8.82	-1.0
Couch and Love Seat	\$1,115.00	\$91.43	\$68.24	-\$23.19	-2.1
HOUSEHOLD APPLIANCES	FULLY TAXED				-1.0
Refrigerator	\$1,050.00	\$76.55	\$64.31	-\$12.24	-1.2
Stove	\$850.00	\$54.40	\$52.71	-\$1.69	-0.2
Microwave Oven (1 cu. ft.)	\$375.00	\$29.29	\$22.51	-\$6.78	-1.8
Gas Barbecue (40,000 BTU)	\$225.00	\$14.40	\$13.95	-\$0.45	-0.2
Electric Portable Hand Mixer	\$30.00	\$2.34	\$1.80	-\$0.54	-1.8
Washing Machine	\$750.00	\$55.20	\$45.35	-\$9.85	-1.3
Clothes Dryer	\$530.00	\$39.01	\$32.05	-\$6.96	-1.3
Electric Dishwasher	\$700.00	\$51.52	\$42.33	-\$9.19	-1.3
Electric Vacuum Cleaner	\$450.00	\$35.15	\$27.01	-\$8.14	-1.8
Lawn Mower (Gasoline)	\$245.00	\$18.03	\$14.81	-\$3.22	-1.3

Estimated Effect of GST on Prices in 1991

GOODS/SERVICES	EXAMPLE PRICE	SAVINGS FROM FST REMOVAL	AMOUNT OF GST	CHANGE	
	\$	\$	\$	\$	%
SEMI-DURABLE FURNISHINGS AND SUPPLIES FULLY TAXED					-0.5
Stainless Steel Cookware	\$130.00	\$9.95	\$7.84	-\$2.11	-1.6
Stainless Steel Flatware	\$35.00	\$2.14	\$2.15	+\$0.01	0.0
Sheets and Pillow Cases	\$35.00	\$2.19	\$2.19	\$0.00	0.0
Bath Towel	\$16.00	\$1.00	\$1.00	\$0.00	0.0
Everyday Dinnerware	\$65.00	\$3.95	\$3.99	+\$0.04	+0.1
Draperies	\$220.00	\$19.56	\$13.36	-\$6.20	-2.8
Electric Circular Saw	\$110.00	\$9.57	\$6.53	-\$3.04	-2.8
Electric Drill	\$85.00	\$7.40	\$5.05	-\$2.35	-2.8
Screwdriver	\$5.00	\$0.35	\$0.30	-\$0.05	-1.0
Hammer	\$26.00	\$1.81	\$1.58	-\$0.23	-0.9
Luggage	\$80.00	\$6.52	\$4.79	-\$1.73	-2.2
Light Bulbs (2 x 60 watts)	\$2.30	\$0.14	\$0.14	\$0.00	0.0
House Paint (4 litre)	\$22.00	\$1.83	\$1.31	-\$0.52	-2.4
NON-DURABLE HOUSEHOLD SUNDRIES FULLY TAXED					+0.1
Laundry Detergent Powder	\$5.50	\$0.46	\$0.34	-\$0.12	-2.2
Automatic Dishwasher Detergent (1.4kg box)	\$4.80	\$0.40	\$0.29	-\$0.11	-2.3
Facial Tissues (pkg. of 200)	\$1.30	\$0.12	\$0.08	-\$0.04	-3.1
Bathroom Tissues (pkg. of 4 rolls)	\$2.20	\$0.17	\$0.13	-\$0.04	-1.8
Canned Dog Food (363g to 425g)	\$0.85	\$0.06	\$0.05	-\$0.01	-1.2
Garbage Bags (10 bags in pkg.)	\$2.50	\$0.20	\$0.15	-\$0.05	-2.0
Nursery Shrub	\$26.50	\$0.20	\$1.74	+\$1.54	+5.8
Potted Flowers	\$16.25	\$0.13	\$1.06	+\$0.93	+5.7
LAUNDRY AND DRY CLEANING FULLY TAXED					+5.3
Dry Cleaning (Women's Dress)	\$7.50	\$0.11	\$0.51	+\$0.40	+5.3
Dry Cleaning (Men's Suit)	\$7.40	\$0.11	\$0.51	+\$0.40	+5.4
OTHER HOME RELATED SERVICES FULLY TAXED					+6.3
House Cleaning Services (rate/cleaner-hour)	\$11.75	\$0.13	\$0.81	+\$0.68	+5.8
CHILD CARE SERVICES TAX EXEMPT					
Day Care (weekly rate) (Without Rebates)	\$150.00	\$1.61	\$1.88	+\$0.27	+0.2
Day Care (weekly rate) (With Rebates)	\$90.00	\$0.96	\$0.57	-\$0.39	-0.4

Estimated Effect of GST on Prices in 1991

GOODS/SERVICES	EXAMPLE PRICE	SAVINGS FROM FST REMOVAL	AMOUNT OF GST	CHANGE	
	\$	\$	\$	\$	%
TRANSPORT AND COMMUNICATIONS					
NEW AND USED VEHICLES - DEALER SALES FULLY TAXED				-2.3	
 Sub-Compact Car	\$8,400.00	\$854.28	\$480.28	-\$374.00	-4.5
Compact Car	\$12,400.00	\$1,223.88	\$711.59	-\$512.29	-4.1
Mid Size Car	\$22,000.00	\$2,118.60	\$1,266.19	-\$852.41	-3.9
Full Size Car	\$27,500.00	\$2,593.25	\$1,586.59	-\$1,006.66	-3.7
Used Compact Car (2 years)	\$8,000.00	\$38.40	\$102.33	+\$63.93	+0.8
MOTOR VEHICLE REPAIRS AND PARTS FULLY TAXED				+3.6	
Radial Tire (Four Seasons 13 Inch Wheel)	\$85.00	\$4.21	\$5.28	+\$1.07	+1.3
Car Battery, Maintenance Free (12 Volts)	\$95.00	\$6.41	\$5.78	-\$0.63	-0.7
Brake Lining (1 Rear Set)	\$38.00	\$1.74	\$2.38	+\$0.64	+1.7
Muffler	\$90.00	\$4.11	\$5.64	+\$1.53	+1.7
Shock Absorber Front (1 Pair)	\$260.00	\$11.88	\$16.29	+\$4.41	+1.7
Automobile Repairs (1 hour Rate)	\$47.00	\$0.39	\$3.15	+\$2.76	+5.9
MOTOR FUELS AND LUBRICANTS FULLY TAXED				-1.6	
Motor Oil (1 litre)	\$2.85	\$0.23	\$0.17	-\$0.06	-2.1
Premium Unleaded Gas (1 litre)	\$.60	\$0.05	\$0.04	-\$0.01	-1.7
PURCHASED TRANSPORT LOCAL TRANSIT TAX EXEMPT				-1.2	
One Bus Fare	\$1.60	\$0.03	\$0.01	-\$0.02	-1.2
PURCHASED TRANSPORT - OTHER FULLY TAXED				+4.1	
Taxi Fare	\$8.50	\$0.17	\$0.58	+\$0.41	+4.8
Train Fare (Montréal-Toronto-Return)	\$130.00	\$2.76	\$8.91	+\$6.15	+4.7
Air Fare - Regular (Halifax-Moncton-Return)	\$265.00	\$6.39	\$16.45	+\$10.06	+3.8
COMMUNICATIONS FULLY TAXED				+1.1	
Basic Monthly Home Telephone Service	\$11.50	\$0.10	\$0.75	+\$0.65	+5.7
Long Distance Calls (Monthly Bills)	\$55.00	\$5.63	\$3.24	-\$2.39	-4.3

Estimated Effect of GST on Prices in 1991

GOODS/SERVICES	EXAMPLE PRICE	SAVINGS FROM FST REMOVAL	AMOUNT OF GST	CHANGE		
	\$	\$	\$	\$	%	
MEDICAL AND HEALTH						
DENTAL CARE	TAX EXEMPT				+0.6	
Root Canal Therapy	\$230.00	\$1.93	\$3.31	+\$1.38	+0.6	
Filling (single tooth, 2 surfaces, silver amalgam)	\$55.00	\$0.46	\$0.79	+\$0.33	+0.6	
OTHER CARE					+0.9	
One Pair of Contact Lenses (prescription) TAX FREE	\$155.00	\$2.33	-	-\$2.33	-1.5	
Psychological Counselling (one session) TAX EXEMPT	\$85.00	\$0.77	\$1.22	+\$0.45	+0.5	
DRUGS AND SUNDRIES PRESCRIPTION		TAX FREE			-0.7	
Antibiotic - Tetracycline (HCL, 40 capsules - 250mg strength) (incl. disp. fee)	\$9.00	\$0.06	-	-\$0.06	-0.7	
Antiarthritics, Naproxen (50 tablets - 250mg strength)	\$16.60	\$0.11	-	-\$0.11	-0.7	
Cardiovascular Agents (Digoxin - 100 tablets - 0.25mg strength)	\$16.50	\$0.11	-	-\$0.11	-0.7	
DRUGS AND SUNDRIES NON PRESCRIPTION		FULLY TAXED			+2.4	
Cold Capsules (pkg. of 8 to 12 tablets)	\$4.50	\$0.18	\$0.28	+\$0.10	+2.2	
Analgesic (ASA) (100 tablets, 5 grain size)	\$4.70	\$0.18	\$0.29	+\$0.11	+2.3	
Antiseptic Mouthwash (1 litre bottle)	\$4.75	\$0.35	\$0.29	-\$0.06	-1.3	
Bandage Adhesive Strip (Box of 25)	\$2.20	\$0.08	\$0.14	+\$0.06	+2.7	
EDUCATIONAL, RECREATIONAL AND CULTURAL						
RECREATION, SPORTS AND CAMPING EQUIPMENT			FULLY TAXED			-0.5
Portable AM/FM Stereo Radio						
Dual Cassette Recorder	\$200.00	\$14.14	\$12.14	-\$2.00	-1.0	
20" Colour Television	\$640.00	\$45.25	\$38.85	-\$6.40	-1.0	
Video Cassette Recorder	\$360.00	\$25.45	\$21.85	-\$3.60	-1.0	
Bicycle - All-Terrain (15 or 18 speeds)	\$550.00	\$2.70	\$36.15	+\$33.45	+6.1	
Sleeping Bag Adult	\$60.00	\$4.60	\$3.60	-\$1.00	-1.7	
Travel Trailer (Between 23' and 25')	\$17,000.00	\$1,703.40	\$1,001.27	-\$702.13	-4.1	
Camera - 35mm	\$500.00	\$31.90	\$30.58	-\$1.32	-0.3	
Golf Club Set (Metal - 11 piece)	\$450.00	\$32.63	\$27.15	-\$5.48	-1.2	
Golf Balls (1 Dozen)	\$30.00	\$2.18	\$1.81	-\$0.37	-1.2	
Hockey Skates	\$200.00	\$14.50	\$12.07	-\$2.43	-1.2	
Alpine Skis	\$325.00	\$23.56	\$19.61	-\$3.95	-1.2	
Fishing Rod	\$35.00	\$2.54	\$2.11	-\$0.43	-1.2	
Baseball Glove	\$85.00	\$6.16	\$5.13	-\$1.03	-1.2	

Estimated Effect of GST on Prices in 1991

GOODS/SERVICES		EXAMPLE PRICE	SAVINGS FROM FST REMOVAL	AMOUNT OF GST	CHANGE	
		\$	\$	\$	\$	%
READING AND ENTERTAINMENT SUPPLIES FULLY TAXED					+2.8	
Weekly Magazine (Annual Subscription)		\$55.00	\$0.77	\$3.77	+\$3.00	+5.5
Toy Vehicle (Stamped Metal)		\$30.00	\$2.07	\$1.82	-\$0.25	-0.8
Family Board Game		\$20.00	\$1.38	\$1.21	-\$0.17	-0.9
Colour Film and Processing (24 exposures)		\$18.00	\$0.84	\$1.12	+\$0.28	+1.6
RECREATIONAL SERVICES FULLY TAXED					+4.4	
Cablevision (Monthly Rate)		\$20.00	\$2.05	\$1.18	-\$0.87	-4.4
Movie Admission		\$7.00	\$0.09	\$0.48	+\$0.39	+5.6
Golfing (18 Hole Course - Annual Membership Fee)		\$900.00	\$5.94	\$62.58	+\$56.64	+6.3
EDUCATION AND CULTURAL SERVICES						
University Tuition (one course) TAX EXEMPT		\$320.00	\$2.82	\$2.35	-\$0.47	-0.1
Dance Lesson FULLY TAXED		\$22.00	\$0.13	\$1.53	+\$1.40	+6.4
PERSONAL GOODS AND SERVICES						
JEWELLERY AND WATCHES FULLY TAXED					+0.5	
Women's Wrist Watch		\$160.00	\$9.82	\$9.81	-\$0.01	0.0
Women's Gold Bracelet Charm		\$65.00	\$3.71	\$4.00	+\$0.29	+0.4
Men's Wrist Watch		\$220.00	\$13.51	\$13.49	-\$0.02	0.0
TOILET ARTICLES AND COSMETICS FULLY TAXED					-0.4	
Lipstick		\$5.00	\$0.32	\$0.30	-\$0.02	-0.4
Shampoo		\$3.50	\$0.22	\$0.21	-\$0.01	-0.3
Shaving Cream Aerosol		\$2.70	\$0.17	\$0.16	-\$0.01	-0.4
Tooth Paste		\$1.90	\$0.14	\$0.12	-\$0.02	-1.1
Razor Blades		\$3.25	\$0.20	\$0.20	\$0.00	0.0
PERSONAL SERVICES FULLY TAXED					+5.9	
Men's Haircuts		\$10.00	\$0.11	\$0.69	+\$0.58	+5.8
Women's Hairdressing		\$15.00	\$0.16	\$1.04	+\$0.88	+5.9
Health Club (Annual Membership Fee)		\$370.00	\$3.96	\$25.62	+\$21.66	+5.9
Income Tax Return (Assistance)		\$15.00	\$0.07	\$1.04	+\$0.97	+6.5
Writing of Will (Legal Fees)		\$300.00	\$1.47	\$20.90	+\$19.43	+6.5
FINANCIAL SERVICES						
Money Order TAX EXEMPT		\$3.00	\$0.02	\$0.03	+\$0.01	+0.3
Safety Deposit Box FULLY TAXED		\$40.00	\$0.32	\$2.78	+\$2.46	+6.2

Key List Notes

1. The results reported in the key list are calculated from data obtained from Statistics Canada.
 2. The three categories used are as follows:
 - Fully Taxed:** Consumer pays GST. The supplier of the item pays GST when the item is bought but recovers the full amount in the form of an input tax credit.
 - Tax Free:** Consumer does not pay GST. The supplier of the item recovers the full amount of the GST, the same as above. This category is called "zero-rated" in the GST legislation, as neither the consumer nor the supplier pays any GST.
 - Tax Exempt:** Consumer does not pay GST. However, the supplier of the item does not recover the GST paid. Consequently, the supplier may raise the price of the item to recoup the cost.
 3. The example price includes the FST as well as an average of the provincial sales taxes.
 4. The key list reports changes in tax payable as a result of the change-over from the FST to the GST. It is assumed that savings from removal of the FST are passed on fully to the consumer. Thus, before the GST is calculated, example prices are fully reduced by the amount of the FST.
 5. Any provincial sales tax has been removed from the example prices before GST is calculated, with the exception of gasoline prices. In this case, GST will be collected on the price including provincial sales tax.
 6. Estimated savings from the FST removal are the first year savings. Savings that could come over the longer term from the removal of the FST from investment inputs (e.g. machinery and equipment) are not taken into account. In the short term, FST saving may not be fully reflected in prices depending on market forces and the time required for suppliers to adjust to the change-over from FST to GST.
 7. In the cases of tax exempt supplies, an effective GST rate has been estimated, based on the proportion of inputs subject to the GST. It is assumed that the GST paid by such suppliers is fully passed on to the consumer in the form of higher prices.
 8. Land is a major cost component in a new house. Currently, FST is charged only on building materials. Both land and the building will be subject to the GST. The net impact of removing the FST and introducing the GST will vary from region to region and even city to city, depending on land prices. If you need more information, please ask for our special brochure on housing.
- Note: A summary of the technical issues in the key list is available from the GST Consumer Information Office.



Government of Canada

Goods and Services Tax
Consumer Information
Office

Gouvernement du Canada

Taxe sur les produits et les services
Bureau d'information
des consommateurs

Canada



Printed on paper containing recovered waste



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